

102 KAR 1:180. Kentucky Industrial Development Finance Authority investments.

RELATES TO: KRS 161.430

STATUTORY AUTHORITY: KRS 161.310

NECESSITY, FUNCTION, AND CONFORMITY: KRS 161.430(1) provides that the board of trustees shall give priority to the investment of funds in obligations calculated to improve the industrial development and enforce the economic welfare of the Commonwealth. This administrative regulation sets out guidelines to be followed in investing in obligations of the Kentucky Industrial Development Finance Authority.

Section 1. (1) The board of trustees will consider requests by the Kentucky Industrial Development Finance Authority for loans when loan requests are submitted. Requests shall be made in writing thirty (30) days in advance of the time funds are needed and shall be signed by the chairman of the authority. Each request shall contain a reference to the action of the authority authorizing the request for the loan. Any loan made pursuant to the request of the authority shall be evidenced by an instrument or instruments of indebtedness executed by the authority and signed by the chairman. All instruments shall be approved by the Attorney General. Any transfer of funds shall be by interaccount bill as provided in KRS 154.170.

(2) The investment committee shall review each request and approve or disapprove the request subject to the action of the board of trustees.

(3) Loans made to the authority shall bear interest, payable semiannually, on July 1 and January 1, at a rate of return equal to that available on corporate bonds, rated AA or the equivalent by one (1) or more nationally recognized rating services, of the most recent issue. In the event more than one (1) issue has been offered on the same date, the rate available on the largest issue shall be used.

(4) Loans made to the authority shall be for a period of not more than twenty-five (25) years. During the first five (5) years of these loans, interest shall be paid as set forth in subsection (3) of this section, and the authority shall have the right to pay all or any part of the principal during this period. Beginning with the sixth year, the authority shall pay interest and at least that percentage of the remaining principal balance necessary to retire the loan within the remaining life of the loan.

(5) The authority shall furnish to the board of trustees an annual financial statement of its accounts.

(6) During any fiscal year, the amount of funds loaned to the authority by the Teachers' Retirement System shall be in the same proportion to the total amount loaned as the assets of the Teachers' Retirement System are to the total assets of all the retirement systems. (TRS-14; 1 Ky.R. 464; eff. 3-12-1975; 17 Ky.R. 2480; 2940; eff. 4-5-1991; Crt eff. 7-3-2019.)